

Vodacom Group Limited

Quarterly update for the period ended 30 June 2015

Vodacom Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1993/005461/06)

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('Vodacom')

News release

Vodacom Group Limited quarterly update for the period ended 30 June 2015

23 July 2015

Salient features

- Group revenue increased 7.0% (6.5%*) to R19 559 million with service revenue up 5.1% (4.7%*) to R15 660 million
- Group data revenue accelerated 35.2% to R4 846 million, representing 30.9% of service revenue
- Group active customers up 6.5% to 63.5 million and active data customers grew 10.8% to 28.0 million
- South Africa service revenue grew 2.8% to R11 762 million driven by strong data revenue growth of 34.8%
- International operations' service revenue increased 12.9% (11.3%*) to R3 945 million; 25.2% of Group service revenue
- Capital expenditure of R2 398 million was focused on LTE/4G rollout and expanding 3G coverage

All growth rates quoted are year-on-year growth rates and refer to Quarter 1, 2016 vs. Quarter 1, 2015, unless stated otherwise.

Rm	Quarter ended	Yoy % change	
	June 2015	Reported	Normalised*
Revenue	19 559	7.0	6.5
South Africa	15 598	5.5	5.5
International	4 095	14.0	11.9
Service revenue	15 660	5.1	4.7
South Africa	11 762	2.8	2.8
International	3 945	12.9	11.3

Shameel Joosub, Vodacom Group CEO commented:

During the first quarter of our new financial year we delivered solid growth, which was a continuation of the positive growth momentum we saw in the fourth quarter last year. We've increased our customer base by 3.9 million year-on-year to 63.5 million and revenue grew 7.0% to R19.6 billion.

We invested another R2.4 billion in the network this quarter as part of the accelerated capital investment programme started towards the end of the 2014 financial year, resulting in wider coverage and faster connection speeds. The increased capacity supported data traffic growth of 45.7% in South Africa and 140.4% in our International operations, which in turn led to Group data revenue increasing 35.2%. Vodacom's 3G service covers 96.4% and LTE/4G service covers 40.9% of the population in South Africa. We increased the number of 3G sites in our International operations by 49.8%.

Smart devices remain extremely popular, with approximately 12 million active on the network in South Africa which is almost 3 million more than a year ago. The average amount of data used per smartphone in South Africa increased 24.8% to 408 MB per month.

We're nearing completion of our pricing transformation programme in South Africa with 80.7% of contract customers migrated to better value integrated packages and prepaid customers buying on average 54.5 million voice bundles per month. This helped reduce the blended average effective price by 14.7% to 58 cents per minute and drove an increase in voice traffic. In our International operations, the key development was the stabilisation of pricing in Tanzania and the DRC.

The Competition Commission has made a recommendation to the Competition Tribunal that they approve the acquisition of Neotel, subject to certain conditions. The matter will now be heard at the Competition Tribunal, with hearings set to take place from 23 November to 11 December 2015. The regulator, ICASA, has also approved the transaction subject to conditions that it has submitted for comment. The transaction will ultimately result in increased investment in communications infrastructure and the accelerated rollout of broadband connectivity in South Africa.

* Represents normalised growth at a constant currency (using current period as base). Refer below for a reconciliation of normalised growth.

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Operating review

South Africa

Revenue increased 5.5% to R15 598 million, boosted by strong growth in data and increased equipment sales. Equipment revenue grew 13.8%, representing 23.1% (2014: 21.4%) of revenue, as a result of an increase in smart device sales (smartphones, tablets and modems). Smart devices accounted for 58.0% of equipment sold. This in line with our strategy of putting smart data capable devices into the hands of more customers.

Service revenue returned to growth, increasing 2.8% to R11 762 million. This is following four consecutive quarters of negative year-on-year reported growth that had been heavily impacted by mobile termination rate cuts. Our commercial and operational performance during the period continued to improve, supported by a more stable pricing environment and accelerating data growth.

Customer service revenue grew 2.6% to R10 321 million. Voice traffic growth of 4.9% and data traffic growth of 45.7% more than offset a 14.7% reduction in the blended effective price per minute to 58 cents and a 9.1% reduction in the average effective price per MB. We continued executing on our pricing transformation strategy to offer best value to customers through adopting a clear segmented approach, offering bundles at affordable and competitive prices, together with delivering worry free integrated plans.

Contract active customers (excluding machine-to-machine ('M2M')) increased 3.1% to 4.9 million as a result of higher gross connections and greater customer loyalty. The emphasis on customer retention resulted in a reduction in contract churn to 7.2%, down from 10.4% a year ago. Contract pricing transformation is nearing completion with 80.7% of contract customers migrated from voice-centric plans to integrated plans. 63.0% of hybrid customers switched to uChoose packages which give customers access to integrated plans with an option to access prepaid promotions on an ad hoc basis. Contract ARPU increased 3.8% to R386, as we continue to see the early benefits to ARPU of LTE/4G migration and increased data usage. 70.6% of contract spend is now in-bundle compared to 68.2% a year ago.

Prepaid active customers increased 2.3% to 28.4 million. Voice bundles, supported by the continued adoption of our More Power promotions, are proving increasingly popular, with the average number of voice bundles sold increasing 29.3% to 54.5 million per month. This helped drive continued price transformation, reducing the average effective prepaid price per minute by 13.0%. Customer Value Management, through which customers' needs are analysed and product offerings tailored for each individual, is playing an important role in driving increased customer activity and value generated.

Data revenue growth accelerated 34.8% to R3 975 million, with a 45.7% growth in data traffic, building on the improved data monetisation and efficiency trend we saw in Q4 2015. Wider coverage, together with higher smart device penetration and increased sales of data bundles, underpinned the strong growth in data revenue and more than offset a reduction in the effective price per MB. Data revenue now accounts for 33.8% of service revenue (2014: 25.8%), with active data customers (excluding M2M) of 17.7 million, representing 53.3% of active customers. LTE/4G customers increased 117.4% to 1.8 million and M2M customers increased 16.9% to 1.8 million. The number of active smart devices on the network increased 31.9% to 11.9 million. We continue to see upward migration to larger data bundles within our customer base, as reflected in the 24.8% increase in the average monthly consumption of data per smartphone. Smartphones and tablets used on average 408 MB and 774 MB per month respectively. The average number of data bundles sold per month more than doubled year-on-year to over 23 million.

Capital expenditure of R1 721 million was focused on expanding 3G and LTE/4G sites to increase data capacity and provide customers with the best network experience. During the quarter we added 229 3G sites to total 9 031 sites and 572 LTE/4G sites to total 3 172 sites, respectively covering 96.4% and 40.9% of the South African population.

As announced on 2 July 2015, we obtained approval for the Neotel transaction ('the Transaction') from the Independent Communications Authority ('ICASA') and a positive recommendation on the Transaction from the Competition Commission of South Africa to the Competition Tribunal, both of which are subject to certain conditions. We await the outcome of the Competition Tribunal and the ICASA public commentary processes.

International

Service Revenue increased 12.9% (11.3%*) to R3 945 million, representing 25.2% of Group service revenue. Growth in service revenue was supported by strong data growth and an 11.5% increase in customers to 30.2 million. The pricing environment in Tanzania has stabilised, supporting stronger service revenue growth as we migrate customers to integrated bundles and drive increased data adoption. In the DRC, we achieved an encouraging increase in service revenue, due to the adherence by all operators to the minimum price floor and through implementing a revised approach to customer segmentation with simpler price points. Mozambique and Lesotho continue to deliver strong growth.

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Data revenue grew 36.9% to R871 million. The number of active data customers increased 23.8% to 10.3 million, and data traffic grew 140.4%. We continue to focus on our commercial and network offering to drive data growth, ensuring our customers have access to better low cost smart devices, such as Vodacom Kicka and SmartTab, expanding 3G network coverage and driving the adoption of data bundles. Data contributes 22.1% of service revenue.

m-pesa continues to gain traction in all our markets, fuelled by expansion in the distribution channel and a growing ecosystem. m-pesa revenue grew 16.1%, underpinned by strong m-pesa customer growth of 18.1% to 7.8 million*. Following the launch of m-pawa last year, 9.8% of m-pesa customers in Tanzania are actively using the savings and loans product.

We continued to invest in our network to differentiate our offering in terms of network coverage and performance. The number of 3G sites increased 49.8% year-on-year to support strong data growth and 2G sites expanded 31.9% year-on-year to extend our voice coverage.

The quarterly information has not been audited or reviewed by Vodacom's external auditors.

* Number of unique customers who have generated revenue related to and m-pesa activities in relation to m-pesa in the past 90 days, of these 5.6 million have been active in the past 30 days in International.

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Quarterly update for the period ended 30 June 2015

Financial review

Revenue for the quarter ended

Rm	June 2015	March 2015	June 2014	Yoy % change		Quarterly % change	
				Reported	Normalised*	Reported	Normalised*
South Africa	15 598	15 879 [^]	14 791	5.5	5.5	(1.8)	(1.8)
International	4 095	4 081	3 591	14.0	11.9	0.3	3.5
Corporate and eliminations	(134)	(165)	(95)	(41.1)	(41.1)	18.8	18.8
Revenue	19 559	19 795	18 287	7.0	6.5	(1.2)	(0.6)

Service revenue for the quarter ended

Rm	June 2015	March 2015	June 2014	Yoy % change		Quarterly % change	
				Reported	Normalised*	Reported	Normalised*
South Africa	11 762	11 739 [^]	11 442	2.8	2.8	0.2	0.2
International	3 945	3 950	3 493	12.9	11.3	(0.1)	3.1
Corporate and eliminations	(47)	(62)	(38)	(23.7)	(23.7)	24.2	24.2
Service revenue	15 660	15 627	14 897	5.1	4.7	0.2	1.0

Revenue for the quarter ended 30 June 2015

Rm	South Africa	Yoy % Change	International	Yoy % change	Corporate/ Eliminations	Group	Yoy % change
Mobile contract revenue	5 430	5.8	266	15.7	(1)	5 695	6.2
In bundle	3 835	9.5	63	-	1	3 899	9.3
Out of bundle	1 595	(2.2)	203	21.6	(2)	1 796	-
Mobile prepaid revenue	4 891	(0.7)	2 903	16.1	-	7 794	5.0
In bundle	910	45.4	486	21.8	-	1 396	36.2
Out of bundle	3 981	(7.4)	2 417	15.0	-	6 398	-
Mobile customer revenue	10 321	2.6	3 169	16.0	(1)	13 489	5.5
Mobile interconnect	503	(3.5)	335	(12.1)	(30)	808	(8.3)
Other service revenue	938	8.6	441	15.7	(16)	1 363	11.1
Service revenue	11 762	2.8	3 945	12.9	(47)	15 660	5.1
Equipment revenue	3 597	13.8	98	78.2	(21)	3 675	14.6
Non-service revenue	239	26.5	52	20.9	(66)	224	23.1
Revenue	15 598	5.5	4 095	14.0	(134)	19 559	7.0
Of which mobile voice	5 891	(10.6)	2 146	10.1	(2)	8 035	(5.9)
Of which mobile messaging	632	3.9	157	6.1	-	789	4.4
Of which mobile data	3 975	34.8	871	36.9	-	4 846	35.2

Notes:

- Mobile in-bundle revenue: Represents revenue from bundles that include a specified number of minutes, messages or megabytes of data that can be used for no additional charge, with some expectation of recurrence.
- Mobile in-bundle revenue – Contract: Revenue from all bundles and add-ons lasting 30 days or more.
- Mobile in-bundle revenue – Prepay: Revenue from bundles lasting seven days or more.
- Out-of-bundle: Revenue from minutes, messages or megabytes of data which are in excess of the amount included in customer bundles.

[^] During Q4 2015 we consolidated a subsidiary X-Link resulting in a positive adjustment of R164 million in South Africa.

* Represents normalised growth at a constant currency (using current period as base). Refer below for a reconciliation of normalised growth.

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Revenue for the quarter ended 30 June 2014

Rm	South Africa	Yoy % Change	International	Yoy % change	Corporate/ Eliminations	Group	Yoy % change
Mobile contract revenue	5 133	(2.0)	230	22.3	(1)	5 362	(1.1)
In bundle	3 502	5.9	63	12.5	1	3 566	6.1
Out of bundle	1 631	(15.5)	167	26.5	(2)	1 796	(12.8)
Mobile prepaid revenue	4 924	3.0	2 501	15.9	-	7 425	7.0
In bundle	626	80.9	399	>200.0	-	1 025	154.3
Out of bundle	4 298	(3.1)	2 102	0.1	-	6 400	(2.1)
Mobile customer revenue	10 057	0.4	2 731	16.5	(1)	12 787	3.5
Mobile interconnect	521	(44.0)	381	26.6	(21)	881	(27.9)
Other service revenue	864	18.2	381	14.4	(16)	1 229	16.5
Service revenue	11 442	(2.0)	3 493	17.3	(38)	14 897	1.8
Equipment revenue	3 160	16.9	54	25.6	(6)	3 208	17.0
Non-service revenue	189	12.5	44	-	(51)	182	15.9
Revenue	14 791	1.7	3 591	17.2	(95)	18 287	4.3
Of which mobile voice	6 589	(5.3)	1 949	8.0	(2)	8 536	(2.6)
Of which mobile messaging	608	(9.9)	148	21.3	-	756	(5.0)
Of which mobile data	2 948	18.4	636	51.1	-	3 584	23.2

Notes:

- Mobile in-bundle revenue: Represents revenue from bundles that include a specified number of minutes, messages or megabytes of data that can be used for no additional charge, with some expectation of recurrence.
- Mobile in-bundle revenue – Contract: Revenue from all bundles and add-ons lasting 30 days or more.
- Mobile in-bundle revenue – Prepay: Revenue from bundles lasting seven days or more.
- Out-of-bundle: Revenue from minutes, messages or megabytes of data which are in excess of the amount included in customer bundles.

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Quarterly update for the period ended 30 June 2015

Key indicators

South Africa

	June 2015	March 2015	June 2014	Yoy % change	Quarterly % change
Active customers¹ (thousand)	33 309	32 115	32 516	2.4	3.7
Prepaid	28 368	27 202	27 723	2.3	4.3
Contract	4 941	4 913	4 793	3.1	0.6
Active data customers² (thousand)	17 741	16 595	16 996	4.4	6.9
Machine to machine customers (thousand)	1 767	1 672	1 512	16.9	3.7
MOU per month³	124	129	122	1.6	(3.9)
Prepaid	113	118	112	0.9	(4.2)
Contract	184	188	181	1.7	(2.1)
Total ARPU⁴ (rand per month)	110	113	110	-	(2.7)
Prepaid	62	64	64	(3.1)	(3.1)
Contract	386	374	372	3.8	3.2
Traffic⁵ (millions of minutes)	12 181	12 158	11 776	3.4	0.2
Outgoing	9 856	9 741	9 392	4.9	1.2
Incoming	2 325	2 417	2 384	(2.5)	(3.8)

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised.
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.
- Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.

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Key indicators (continued)

International

	June 2015	March 2015	June 2014	Yoy % change	Quarterly % change
Active customers¹ (thousand)	30 193	29 533	27 086	11.5	2.2
Tanzania	11 996	12 172	10 638	12.8	(1.4)
DRC	11 922	11 216	10 502	13.5	6.3
Mozambique	5 031	4 877	4 604	9.3	3.2
Lesotho	1 244	1 268	1 342	(7.3)	(1.9)
Active data customers² (thousand)	10 292	9 878	8 311	23.8	4.2
Tanzania	5 501	5 265	4 480	22.8	4.5
DRC	2 332	2 338	2 016	15.7	(0.3)
Mozambique	2 046	1 879	1 474	38.8	8.9
Lesotho	413	396	341	21.1	4.3
MOU per month³					
Tanzania	120	123	158	(24.1)	(2.4)
DRC	34	33	39	(12.8)	3.0
Mozambique	97	89	131	(26.0)	9.0
Lesotho	68	63	48	41.7	7.9
Total ARPU⁴ (rand per month)					
Tanzania	36	39	42	(14.3)	(7.7)
DRC	35	32	31	12.9	9.4
Mozambique	51	51	49	4.1	-
Lesotho	62	60	43	44.2	3.3
Total ARPU⁴ (local currency per month)					
Tanzania (TZS)	6 046	5 952	6 655	(9.2)	1.6
DRC (USD)	2.9	2.7	3.0	(3.3)	7.4
Mozambique (MZN)	154	146	146	5.5	5.5

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised.
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. ARPU has been restated to only include service revenue generated from Vodacom mobile customers.

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Historical financial review

Revenue

Rm	June 2015	March 2015	December 2014	September 2014	June 2014	March 2014	December 2013
South Africa	15 598	15 879 [^]	15 987	15 380 ^{^^}	14 791	15 170	16 502
International	4 095	4 081	4 092	3 984	3 591	3 798	3 838
Corporate and eliminations	(134)	(165)	(86)	(105)	(95)	(164)	(121)
Revenue	19 559	19 795	19 993	19 259	18 287	18 804	20 219

Service revenue

Rm	June 2015	March 2015	December 2014	September 2014	June 2014	March 2014	December 2013
South Africa	11 762	11 739 [^]	11 856	11 995 ^{^^}	11 442	11 982	12 587
International	3 945	3 950	3 975	3 873	3 493	3 684	3 695
Corporate and eliminations	(47)	(62)	(16)	(40)	(38)	(80)	(34)
Service revenue	15 660	15 627	15 815	15 828	14 897	15 586	16 248

Historical key indicators

South Africa

	June 2015	March 2015	December 2014	September 2014	June 2014	March 2014	December 2013
Active customers¹ (thousand)	33 309	32 115	31 379	32 613	32 516	31 520	30 964
Prepaid	28 368	27 202	26 479	27 806	27 723	26 726	26 123
Contract	4 941	4 913	4 900	4 807	4 793	4 794	4 841
Active data customers² (thousand)	17 741	16 595	16 751	16 679	16 996	15 172	15 314
Machine-to-machine customers (thousand)	1 767	1 672	1 613	1 578	1 512	1 443	1 378
MOU per month³	124	129	130	124	122	122	124
Prepaid	113	118	120	113	112	112	113
Contract	184	188	188	190	181	179	183
Total ARPU⁴ (rand per month)	110	113	116	115	110	119	129
Prepaid	62	64	67	67	64	71	80
Contract	386	374	386	389	372	379	393
Traffic⁵ (millions of minutes)	12 181	12 158	12 402	12 182	11 776	11 453	11 298
Outgoing	9 856	9 741	9 827	9 570	9 392	9 193	8 928
Incoming	2 325	2 417	2 575	2 612	2 384	2 260	2 370

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised.
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.
- Traffic comprises total traffic registered on Vodacom's mobile network, including bundled minutes, promotional minutes and outgoing international roaming calls, but excluding national roaming calls, incoming international roaming calls and calls to free services.

[^] During Q4 2015 we consolidated a subsidiary X-Link resulting in a positive adjustment of R164 million in South Africa.

^{^^} During Q2 2015 we changed our accounting estimates for unexpired credits for prepaid voucher deferrals resulting in a positive adjustment of R325 million in South Africa.

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Historical key indicators (continued)

International

	June 2015	March 2015	December 2014	September 2014	June 2014	March 2014	December 2013
Active customers¹ (thousand)	30 193	29 533	29 676	28 367	27 086	25 969	25 019
Tanzania	11 996	12 172	11 810	11 316	10 638	10 284	10 289
DRC	11 922	11 216	11 493	11 003	10 502	10 008	9 334
Mozambique	5 031	4 877	5 049	4 913	4 604	4 333	4 120
Lesotho	1 244	1 268	1 324	1 135	1 342	1 344	1 276
Active data customers² (thousand)	10 292	9 878	9 749	9 188	8 311	7 675	7 457
Tanzania	5 501	5 265	5 160	4 963	4 480	3 788	3 554
DRC	2 332	2 338	2 324	2 241	2 016	2 218	2 280
Mozambique	2 046	1 879	1 817	1 636	1 474	1 368	1 285
Lesotho	413	396	448	348	341	301	338
MOU per month³							
Tanzania	120	123	154	165	158	131	131
DRC	34	33	45	47	39	31	33
Mozambique	97	89	111	124	131	118	104
Lesotho	68	63	69	58	48	49	51
Total ARPU⁴ (rand per month)							
Tanzania	36	39	43	45	42	43	49
DRC	35	32	30	33	31	35	34
Mozambique	51	51	55	52	49	52	61
Lesotho	62	60	58	50	43	41	51
Total ARPU⁴ (local currency per month)							
Tanzania (TZS)	6 046	5 952	6 593	6 978	6 655	6 377	7 700
DRC (USD)	2.9	2.7	2.7	3.1	3.0	3.2	3.4
Mozambique (MZN)	154	146	156	147	146	150	178

Notes:

- Active customers are based on the total number of mobile customers using any service during the last three months. This includes customers paying a monthly fee that entitles them to use the service even if they do not actually use the service and those customers who are active whilst roaming.
- Active data customers are a number of unique users who have generated revenue related to any data activities in the reported month (this excludes SMS and MMS messaging users). A unique user is a customer who needs to be counted once regardless of what data services they have utilised.
- Minutes of use ('MOU') per month is calculated by dividing the average monthly minutes (traffic) during the period by the average monthly active customers during the period.
- Total ARPU is calculated by dividing the average monthly service revenue by the average monthly active customers during the period. Prepaid and contract ARPU only include service revenue generated from Vodacom mobile customers.

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Reconciliation of normalised growth

The reconciliation represents normalised growth at a constant currency (using current period as base) from on-going operations. The presentation of the pro-forma constant currency information from on-going operations is the responsibility of the directors of Vodacom Group Limited. The purpose of presenting this information is to assist the user in understanding the underlying growth trends in these segments. It has been prepared for illustrative purposes only and may not fairly present the financial position, changes in equity, and results of operations or cash flows of Vodacom Group Limited. This information has not been reviewed and reported on by the Group's auditors.

Year-on-year reconciliation

	Reported ⁺	Translation foreign exchange ⁼	Normalised
	% change	ppt	% change
	15/16		15/16
Revenue			
Group	7.0	(0.5)	6.5
International	14.0	(2.1)	11.9
Service revenue			
Group	5.1	(0.4)	4.7
International	12.9	(1.6)	11.3

Quarter on quarter reconciliation

	Reported ^{>}	Translation foreign exchange ^{<}	Normalised
	% change	ppt	% change
	15/16		15/16
Revenue			
Group	(1.2)	0.6	(0.6)
International	0.3	3.2	3.5
Service revenue			
Group	0.2	0.8	1.0
International	(0.1)	3.2	3.1

Notes:

- + The reported percentage change relates to the quarter to date year-on-year percentage growth between 30 June 2014 and 30 June 2015. The Group's presentation currency is the South African rand. Our International operations include functional currencies for example in United States dollar, Tanzanian shilling, Mozambican metical, Nigerian naira and Zambian kwacha. The prevailing exchange rates for the current and comparative periods are disclosed below.
- = Translation foreign exchange arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. The exchange variances are eliminated by applying the quarter 30 June 2015 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 30 June 2014 quarter numbers, thereby giving a user a view of the performance which excludes exchange rate variances. The prevailing exchange rates for the current and comparative quarters are disclosed below.
- > The reported percentage change relates to the quarter to date quarter on quarter percentage growth between 31 March 2015 and 30 June 2015. The Group's presentation currency is the South African rand. Our International operations have functional currencies, other than the South African rand, which include the United States dollar, Tanzanian shilling, Mozambican metical, Nigerian naira and Zambian kwacha. The prevailing exchange rates for the current and comparative periods are disclosed below.
- < Translation foreign exchange arises from the translation of the results, at average rates, of subsidiaries' functional currencies to Vodacom's presentation currency, being rand. The exchange variances are eliminated by applying the quarter 30 June 2015 average rate (which is derived by dividing the individual subsidiary's translated rand value with the functional currency for the quarter) to 31 March 2015 numbers, thereby giving a user a view of the performance which excludes exchange variances. The prevailing exchange rates for the current and comparative quarters are disclosed below.

Vodacom Group Limited

Quarterly update for the period ended 30 June 2015

Average quarterly exchange rates

	June 2015	March 2015	June 2014	Yoy % change	Quarterly % change
USD/ZAR	12.08	11.75	10.54	14.6	2.8
ZAR/MZN	3.03	2.88	2.99	1.3	5.2
ZAR/TZS	168.43	154.37	157.09	7.2	9.1
EUR/ZAR	13.37	13.22	14.46	(7.5)	1.1

The quarterly information has not been audited or reviewed by Vodacom's external auditors.

Trademarks

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Forward-looking statements

This quarterly update which sets out the quarterly results for Vodacom Group Limited for the period ended 30 June 2015 contains 'forward-looking statements', which have not been reviewed or reported on by the Group's auditors, with respect to the Group's financial condition, results of operations and businesses and certain of the Group's plans and objectives. In particular, such forward-looking statements include statements relating to: the Group's future performance; future capital expenditures, acquisitions, divestitures, expenses, revenues, financial conditions, dividend policy, and future prospects; business and management strategies relating to the expansion and growth of the Group; the effects of regulation of the Group's businesses by governments in the countries in which it operates; the Group's expectations as to the launch and roll out dates for products, services or technologies; expectations regarding the operating environment and market conditions; growth in customers and usage; and the rate of dividend growth by the Group.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'will', 'anticipates', 'aims', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans' or 'targets'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or its industry to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future.

All subsequent oral or written forward-looking statements attributable to the Group or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. Vodacom expressly disclaims any liability in respect of the content of any forward looking statement and also expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based.

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ADR depository bank: Deutsche Bank Trust Company Americas